

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 8, 1995

SUBJECT: **HB 344 - SB 528**

This bill, if enacted, will provide for a credit to be used against a corporation's franchise tax liability. This credit will equal any unused excise tax credits in excess of \$1,000,000 which a taxpayer has accumulated as a result of the industrial machinery credit provided in the excise tax law. The credits 1) are limited to those corporations which were chartered or granted a certificate of authority to do business in Tennessee prior to January 1, 1979, and 2) cannot exceed 75% of the franchise tax liability after the application of all other credits available.

The fiscal impact from enactment of this bill is estimated to be a decrease in first year state revenues of approximately \$4,600,000. This loss in revenues declines to approximately \$700,000 in the fifth year as the unutilized credits disappear.

Enactment of this bill is also estimated to result in one-time expenditures of \$121,000 for computer programming changes.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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